

**Minutes of the Regular Meeting and Joint Meeting with the Belmont Finance Commission of March
14, 2006**

CALL TO ORDER 7:35 P.M.

ROLL CALL

COUNCILMEMBERS PRESENT: Feierbach, Lieberman, Dickenson, Warden, Mathewson

COUNCILMEMBERS ABSENT: None

Staff Present: Interim City Manager Crist, City Attorney Zafferano, Community Development Director de Melo, Public Works Director Davis, Police Chief Mattei, Interim Parks and Recreation Director Bridges, Interim Human Resources Director Sam, City Clerk Cook.

REPORT FROM CLOSED SESSIONS (from 2/12, 2/13, 2/20, 2/24, and 3/7/06)

Mayor Mathewson stated that no action had been taken at the Closed Session held as noted above.

PUBLIC COMMENTS AND ANNOUNCEMENTS

Marcie Dompier, Belmont resident/Finance Commission candidate, stated she has been attending Commission meetings for six months, and expressed frustration with the recent change in the process for appointing Finance Commissioners, since she has been caught in the middle of the change. She noted that the City has difficulty finding applicants for this Commission.

Debbie Norton, Belmont resident, stated she has been attending neighborhood meetings hosted by Notre Dame High School. There is an issue regarding the posting of signs prohibiting dogs on the footpath on Notre Dame Avenue adjacent to the school. The neighbors thought the path was part of the school's remodel and was for public use. This is a safety issue if people have to walk on the street. She also commented regarding the use of megaphones at Notre Dame Elementary, and noted the principal does not return phone calls. She thanked Community Development Director de Melo for his intervention to help resolve these issues.

COUNCIL MEMBER COMMENTS AND ANNOUNCEMENTS

Mayor Mathewson stated that outgoing Finance Commissioner Ledoux was recently acknowledged for his 28 years of service to the community as a member of the Commission. He noted that interviews would be held soon to fill the openings on the Commission.

CONVENE JOINT MEETING WITH THE BELMONT FINANCE COMMISSION

ROLL CALL (COMMISSIONERS)

Commissioners Present: Troyan, Loo, Korn, Ledoux

Commissioners Absent: White, Mannisto

Report on Mid Year Financial Results - December 31, 2005

Finance Director Fil reviewed the status of the current fiscal year's budget, including the projected fund balance, economic indicators, issues regarding the Belmont Fire Protection District, and pension benefits. He noted that revenues were slightly higher than projected, and that costs have been controlled.

Assistant Finance Director Cheung reviewed details of sales tax revenues, including comparisons with other cities in the area. He noted that hotel transit occupancy taxes (TOT) have experienced increases, especially the top three producers. Finance Director Fil noted that Nikon has designated Belmont as its United States headquarters, which may increase hotel occupancy rates. Assistant Finance Director Cheung provided an update of the Motor Vehicle License Fees, Measure A funds, and gas tax revenues.

Finance Director Fil noted that the budget correction strategies implemented in prior years continue to work. In response to Commissioner Ledoux, he clarified that there are few unfilled positions paid from the General Fund, notably the assistant city manager position.

Finance Director Fil outlined correction strategies for Recreation Services and Development Services, and changes in the cable access channel. He stated that the Solid Waste Management Fund recently received a \$4 million settlement for which the City is responsible. He clarified that the Finance Commission has recommended setting up a special account for these monies and applying half to reserves. Cost recovery for staffing is needed.

Finance Director Fil summarized mid-year budget adjustments for the new library project, City Hall project, Comcast, Allied Waste, City Attorney benefits, Housing Specialist, and police staffing. The ending fund balance is projected to be \$2.5 million, which will exceed the minimum.

In response to Commissioner Loo's questions regarding deficit spending in the Recreation Fund, Finance Director Fil stated that during the first six months of the fiscal year, the Fund was spending more than it was bringing in, but during the last two months this difference has narrowed. Staff will develop a revenue plan for the remainder of the year. Interim City Manager Crist stated that this issue merits further monitoring, and it is difficult to generalize the problem. Recreation programs have differing subsidy levels, and the flow of funds is uneven throughout the year.

Discussion ensued regarding General Fund subsidy levels for the Parks and Recreation programs.

In response to Commissioner Loo's questions regarding day care program funding issues, Interim Parks and Recreation Director Bridges stated that enrollment in the program was low during the first part of the year, but increased 30 percent by January. Belmont's fees are effective in July, wherein other cities make their increases effective in January, and there may be a need for Belmont to change the date to coincide. This is also a seasonal issue, and the fee structure is being reviewed. Belmont may be pricing itself out of the market.

Discussion ensued regarding specific budget line items, and clarification was provided by staff.

In response to Council comments and questions, Finance Director Fil clarified that a number of budget areas would be addressed during the upcoming 2007 Budget approval process, including Manor Building improvements, Fund 530 (Solid Waste Fund) allocations, and Comcast franchise fees.

Public Works Director Davis clarified that there is no longer an annual fee for Permanent Encroachment Permit, since it is offset by the staff costs to administrate. Temporary permit fees are included in the Master Fee schedule.

Councilmember Feierbach stated that expenditures from Fund 530 (Solid Waste Fund) should include time and materials only.

Councilmember Warden stated that these one-time moneys should not be used for operations, and an option to pay back rate holders should be considered. Finance Director Fil responded that this is still an option, and there may be others. A recurring revenue source is needed. This issue is becoming more complicated, and Belmont's needs are not being met by the joint powers authority.

Additional discussion ensued regarding this issue.

In response to Councilmember Feierbach, Community Development Director de Melo clarified that the current Tree Fund balance is \$8,000, but additional revenue would be forthcoming following the end of the seasonal grading moratorium. There are several potential projects which may increase this fund \$45,000 to \$55,000.

Finance Director Fil stated that there continues to be a structural problem in the Development Services Fund, and staff is monitoring the situation closely. Community Development Director de Melo stated that there has been a one-time savings for the unfilled planning position, which is now under the recruitment process. Projects are accelerating through the queue on a faster pace based on recommendations of the Permit Efficiency Task Force, which has increased development activity.

Discussion ensued regarding commercial projects, office space vacancy, and condominium conversions.

In response to Mayor Mathewson, Finance Director Fil stated that additional revenues may be needed for the Belmont Fire Protection District beyond the \$50,000 outlined in the draft resolution. Staff will analyze and make additional corrections as necessary.

Councilmember Warden noted that additional revenues may be needed for this fund based on future actions related to the potential assessment district.

In response to Councilmember Dickenson, Police Chief Mattei clarified that police department staffing issues would be discussed at a future Council meeting.

Finance Director Fil stated that no cost overruns are anticipated for the City Hall and the Library projects.

Discussion ensued regarding hotel transit occupancy tax revenues.

In response to Council questions regarding equipment needs for the Emergency Operations Center, Interim City Manager Crist noted that the plasma TV's are needed to fully equip for emergencies, and would also be used for training purposes. Information Services Manager Harnish noted that the expenditure includes all the required peripherals, as well as installation costs. Councilmember Warden recommended using a more generic description for this line item.

FY 2007 Budget Strategic Planning Session and Budget Calendar

Finance Director Fil stated that this discussion would provide information for the development of the 2006-07 Budget.

Discussed ensued regarding office vacancy rates. It was noted that Belmont's vacancy rate is the highest in the County.

Finance Director Fil noted that there is modest growth except in the transit occupancy tax (TOT), which has increased by 15 percent. Property tax revenue growth is small, and sales tax revenue has increased by 4 percent.

Discussion ensued regarding per-capita trends throughout the County.

Finance Director Fil reviewed the revenue assumptions used for future budget development. He noted slight increases in the Vehicle License Fee (VLF) and gas taxes. He reviewed PERS (Public Employee Retirement System) rates, which will be reflected in the new budget. He explained the 3 percent at 50 retirement formula, the Capital Improvement Plan projects, including economic development.

Mayor Mathewson requested information regarding the fleet list. Finance Director Fil stated this would be forwarded to Council as requested.

Finance Director Fil stated that the State Budget has improved dramatically, and it is unlikely that the State will look to the cities for balancing its budget as it has in the past. Mandates continue to be underfunded, and ERAF (Education Revenue Augmentation Fund) is ending. Current budget policies will continue in the area of Community Group Funding, PERS, labor contracts, and health insurance. He reviewed ending fund balance targets.

In response to Commissioner Loo's questions regarding the South County Fire Authority's affect on Belmont's budget, Finance Director Fil clarified that a new joint powers agreement would be required. A future assessment has been assumed for budget purposes.

Commissioner Loo requested clarification of the level of involvement by the Finance Commission in the budget review process. He expressed concern that the proposed Budget Calendar would not provide enough time for input.

Councilmember Warden stated that the City Council's review is at the line item, which is an appropriate level for Finance Commission review.

Mayor Mathewson commented that the more eyes that review the budget, the better.

Finance Director Fil noted that the Finance Commission would be reviewing the budget at its May and June meetings, and members also have the opportunity to attend the City Council meetings where budget will be discussed.

Commissioner Ledoux suggested that Commissioners be included in the Councilmember budget meetings with staff. Finance Director Fil noted that the intent of these meetings is to address individual Councilmember questions, and additional people could detract from that process without adding value.

Councilmember Feierbach proposed that the Finance Commission perform a deeper review of the budget than it has in the past, and that it provides input to the Council. She would like the Commission to be an early warning for potential issues.

Councilmember Warden noted that the Commission's review is not an audit, but at the policy level.

Commissioner Ledoux stated that retiree health care is an issue that needs to be addressed. Finance Director Fil clarified that this is a long-term forecast issue, not a 2007 Budget issue.

Councilmember Lieberman stated he supports a more in-depth Commission review, and that the Commission should alert the Council if there are issues to address. He notes that this requires experience and context.

Commissioner Korn expressed concern regarding the impact on staff of a deeper level of Commission review of the budget. Commissioner Loo responded that the scope of review could be limited.

Mayor Mathewson thanked the Finance Commission and staff for input on tonight's review.

ADJOURN JOINT MEETING at this time, being 9:55 P.M.

At this time, being 9:55 P.M., Councilmember Warden left the meeting.

RECESS: 9:55 P.M.

RECONVENE: 10:05 P.M.

AGENDA AMENDMENTS

Councilmember Dickenson requested the removal of Item 4-B (Resolution Authorizing City Council to Approve the Purchase of Hardware, Software and Installation and Support Services to Replace Citywide File and Mail Servers) for separate consideration.

CONSENT CALENDAR

Approval of Minutes of Special and Regular Meeting of February 14, 2006, and Special Meetings of February 12, 2006, February 13, 2006, February 20, 2006, and February 24, 2006 (City Manager Interviews).

Approval of Resolution 9757 Approving Establishment of a No Parking Zone on the East Side of Coronet Boulevard at Ralston Avenue

Approval of Resolution 9758 Authorizing Purchase Order for \$23,400 to Replace 26 Desktop Computers

Approval of Resolution 9759 Approving Establishment of a No Parking Zone on Alameda de las Pulgas North of El Dorado Apartments Driveway

Approval of Resolution 9760 Approving Plans and Specifications, Authorizing Advertisement for Sealed Bids, Approving Award of Contract to the Lowest Responsible Bidder for an Amount not to Exceed \$1,025,046, Approving a Construction Contingency not to Exceed \$102,505, and Authorizing the City Manager to Execute a Contract for Sanitary Sewer Rehabilitation Pipelining and Spot Repair Project - Central, Sunnyslope, Sterling Downs and Homeview Neighborhoods, City Contract Number 472.

ACTION: On a motion by Councilmember Dickenson, seconded by Councilmember Lieberman, the Consent agenda was unanimously approved, as amended, by a show of hands (4-0, Warden absent).

Resolution Authorizing City Council to Approve the Purchase of Hardware, Software and Installation and Support Services to Replace Citywide File and Mail Servers

Councilmember Dickenson noted that the lowest bidder was not selected for this project.

Informational Services Manager Harnish explained the request for proposal (RFP) process, and noted this project contained many components. The recommended vendor provided the most detailed response. She noted that seven RFP's were sent out, and several vendors responded that they would not be bidding, which was unusual. This project may have been too small for them, or they may have too many other projects being worked on.

ACTION: On a motion by Councilmember Dickenson, seconded by Councilmember Feierbach, Resolution 9761 was unanimously approved by a show of hands (4-0, Warden absent).

HEARINGS

To consider an Ordinance amending Article VIII, Section 15-100 et seq., of the Belmont Municipal Code (Noise Ordinance & Construction Activity)

Code Enforcement Officer Buckman outlined the work of the task force which has led to this first reading of an ordinance to address noise and construction activity. He reviewed the changes that had been made to the proposed ordinance based on prior Council direction, including the addition of street sweeper decibel levels, and parking lot sweepers. He reviewed the various activities governed by the ordinance. He noted that public schools are not exempt from this ordinance. Staff will prepare an informational brochure that outlines guidelines, and will perform an extensive educational campaign. He noted that some businesses will need to make extensive changes to become compliant with the new regulations. This ordinance does not affect existing Conditional Use Permits. Staff will need to purchase decibel meters in order to enforce the noise regulations.

In response to Councilmember Dickenson, Code Enforcement Officer Buckman stated that car alarms are addressed in the California Vehicle Code, which supercedes local ordinances. City Attorney Zafferano added that car alarms are exempt from any enforcement if turned off within ten minutes.

Mayor Mathewson opened the Public Hearing.

Judi Allen, Belmont resident, stated that gas powered maintenance equipment should be included in "Definitions", and should include parking lot sweepers. She does not support the 7:00 a.m. and 9:00 a.m. weekday/weekend start time. She noted the City begins street sweeping between 4:00 a.m. and 5:00 a.m. The language contained in proposed Section 15-104(a) governing certain exemptions of sound generated by motor vehicles should not be exempt.

Councilmember Feierbach stated that the speaker's concerns regarding parking lot sweepers should be addressed and incorporated into the ordinance, and suggested a continuance.

ACTION: On a motion by Councilmember Dickenson, seconded by Councilmember Feierbach, the Public Hearing was unanimously continued to April 11, 2006, by a show of hands (4-0, Warden absent).

MEETING EXTENSION: at this time, being 10:30 p.m., on a motion by Councilmember Dickenson, seconded by Councilmember Lieberman, the meeting was unanimously extended for 30 minutes by a show of hands (4-0, Warden absent).

NEW BUSINESS

Report on FY 2005 Performance Budget Results

Finance Director Fil stated this is the second year of Performance Budget results. The Budget cost ratio is being met, and the majority of services areas have met or exceeded their target. The information contained in this report will be useful during the 2006-07 Budget development.

In response to Council questions, Finance Director Fil noted that the levels indicated set a new benchmark, and continual progress is desired. If improvement is not made in succeeding years, it may be due to a conscious decision to reallocate resources. The Council determines and approves the standards. Some standards are determined by internal survey, and some by external survey of customers. He noted that the number of measures has been reduced from the prior year.

At this time, being 9:55 P.M., Councilmember Feierbach left the meeting.

COMMISSION, COMMITTEE, AND COUNCIL INTERGOVERNMENTAL ASSIGNMENT UPDATES, AND STAFF ITEMS

Discussion and Direction Regarding Solar Energy Activities

Interim City Manager Crist stated that this item was a followup to an Item 9 discussed at a previous meeting. Finance Commissioner Ledoux has provided additional information on this matter. Direction from Council is needed regarding the next steps. He commented that the City is a large user of energy, and there are two potential projects which could produce 12 percent of our energy needs.

Councilmember Dickenson recommended pursuing State legislation, and a model would be necessary if there is a desire to pursue this matter further. He has been in contact with State Senator Speier's office relative to this topic.

In response to Council questions, **Bob Ledoux**, Finance Commissioner, responded that there is a 20-year payback for a self-purchase project, and an alternative is a power purchase agreement. No up-front cash is required, and there are immediate savings. Partnering with schools has not been explored. The company is new and the focus has been on big-box retail, and they are looking to the City for a trial

project. City Hall, the Corporation Yard, or Barrett could be locations for mini-farms. He supports the pursuit of legislation.

Councilmember Dickenson stated that new legislation would shorten the payback. He recommends having a future update regarding this issue.

MEETING EXTENSION: at this time, being 10:30 p.m., on a motion by Councilmember Dickenson, seconded by Councilmember Lieberman, the meeting was unanimously extended for 30 minutes by a show of hands (3-0, Warden/Feierbach absent).

Councilmember Lieberman stated that a shorter payback is of interest to him. He noted this is a policy issue that he is willing to look at, but it needs to be financially feasible.

Finance Director Fil stated that there are many issues surrounding this matter, including structural issues with the City Hall roof.

Interim City Manager Crist stated the City Hall roof needs to be addressed, regardless of this solar issue. It is a good thing to pursue diversification of energy sources.

Council discussion ensued, and Council concurred to add this to the Priority Calendar process.

ADJOURNMENT at this time, being 11:08 p.m.

Terri Cook
Belmont City Clerk

Meeting Tape Recorded and Videotaped
Audio Recording 633
Minutes approved 5/9/2006

